

Before the  
**FEDERAL COMMUNICATIONS COMMISSION**  
Washington, D.C. 20554

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In the Matter of

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Commission Inquiry on  
Competitive Bidding Process  
For Report to Congress

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)  
) Docket No. WT 97-150  
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COMMENTS OF GE AMERICAN COMMUNICATIONS, INC.

GE American Communications, Inc. ("GE Americom"), by its attorneys, hereby submits its comments in response to the Public Notice in the above-captioned proceeding, FCC 97-232 (July 2, 1997) ("*Notice*").<sup>1</sup> The *Notice* seeks input for the report to Congress required pursuant to Section 309(j)(12) of the Communications Act regarding the Commission's use of competitive bidding to award licenses. GE Americom submits that any report regarding Commission policies for awarding licenses by auctions must make clear that auctions are not appropriate for all services. In particular, whatever its merits for terrestrial licensing, competitive bidding would have disastrous effects if extended to satellite licensing.

The *Notice* focuses fairly narrowly on the experience of applicants with the competitive bidding rules developed by the Commission. As a satellite services

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<sup>1</sup> GE Americom is also a member of the Satellite Industry Association ("SIA"). GE Americom fully supports the views expressed in the comments being filed today by SIA in this proceeding.

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provider, GE Americom has never participated in a licensing auction and expresses no views here on the procedural rules adopted by the Commission to implement its auction authority. However, GE Americom has a critical interest in the larger policy issues surrounding the scope of that authority. Specifically, GE Americom strongly opposes any use of competitive bidding to license satellite services.

Auctioning licenses for satellite services, which are inherently international, would be directly contrary to the goals of facilitating the entry of new technologies, services and providers and enhancing the efficiency and effectiveness of the licensing process. The Commission has recognized the problems raised by auctions in the context of satellite services, and should confirm here in its report to Congress that licensing satellite services through competitive bidding is inconsistent with the public interest.

In particular, the Commission has acknowledged that transnational satellite services are substantially different than terrestrial services with respect to auction issues.<sup>2</sup> The Commission noted that the auction of satellite spectrum here would be likely to lead other countries to adopt competitive bidding procedures as well. As a result, a prospective provider would be unable to predict whether it would be able to serve all or even a significant proportion of the countries within the service area of its satellite system. The Commission found that the consequent uncertainty “may be so severe that, given the high fixed cost of a global system, it

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<sup>2</sup> See *NPRM, Amendment of Part 25 of the Commission's Rules to Establish Rules and Policies Pertaining to the Second Processing Round of the Non-Voice, Non-Geostationary Mobile Satellite Service*, FCC 96-426 (rel. Oct. 29, 1996) at ¶ 80.

may deter entry, and impede the provision of service and the development of new offerings.” *Id.*

An analysis commissioned by SIA has confirmed the Commission’s predictions. Specifically, the Strategic Policy Research study<sup>3</sup> found that auctions of satellite service spectrum would impair the satellite industry’s ability to respond to demand for new services, lead to spectrum warehousing, and decrease the leadership role played by the U.S. in international spectrum planning. The end result would be costs to the U.S. economy in lost jobs and exports that would greatly exceed any auction revenues. *Id.* at 3-4.

In summarizing the results of its auctions activities, the Commission must make clear to Congress that communications services are not interchangeable when it comes to competitive bidding, and what may work for PCS will not work for FSS. The Commission should reiterate the reasons why auctions are inappropriate for satellite services and confirm its commitment to using alternative methods to resolve any mutual exclusivity that may arise in satellite processing rounds. The

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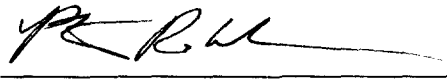
<sup>3</sup> “Public Harms Unique to Satellite Spectrum Auctions,” Strategic Policy Research, Inc. (March 18, 1996).

unique characteristics of satellite services require that satellite licenses be exempt from competitive bidding now and in the future.

Respectfully submitted,

GE AMERICAN COMMUNICATIONS, INC.

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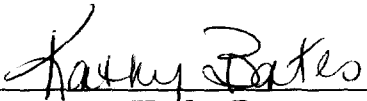
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August 1, 1997

## CERTIFICATE OF SERVICE

I hereby certify that on this 1st day of August, 1997, a copy of the foregoing Comments of GE American Communications, Inc. was served by hand delivery to the following:

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